



# STUDY ON INVESTORS' DECISION MAKING PATTERNS IN KANPUR

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## ABSTRACT

An investment refers to the commitment of funds at present, in anticipation of some positive rate of return in future. Today the spectrum of investment is indeed wide. An investment is confronted with array of investment avenues. The main reasons behind the study are the factors like income, economy condition, and the risk taking capability of investors impact decision making of investors regarding investments. This paper contains the investors' preferences and as well as the different factors that affect investors' behaviour on the different investment avenues.

**KEY WORDS:** Investments, Decision making, Investors' Behaviour.

## INTRODUCTION:

Investment behaviour of an individual investor reveals how he/she wants to allocate the surplus financial resources to various instruments for investment available. The investment behaviour consists of why they want to invest, how much of their disposable income they want to invest, for how many years/months they want to invest and most importantly the timing of such investment. In various empirical studies, it has been found that information being an important factor on taking decision to invest, which influences them on choice of investment and later on how they act after investment (Kasilingam & Jayabal, 2008).

In India financial products for the investors on varying needs and risk appetite are issued. In the past, traditional financial products were offered by the banks (Current Accounts, Saving Banking Accounts, Recurring Deposits, and Fixed Deposits), the Insurance companies, and the Postal Department (Recurring Deposits, National Saving Certificates, KisanVikas Patras). However, in recent years the industry has offered diverse financial products such as mutual funds, shares, derivatives, life and non-life insurance schemes (Unit Linked Investment Plans (ULIPs), precious metals such as Gold, Silver as well as provident and pension funds, and children's education plans, etc.). Investment preferences differ from person to person, as each individual behaves differently while investing. Investment behaviour of the individual is influenced by his/her own environment. With an anticipation of creating high returns over a period of time and at certain level of risk, individuals invest in different financial products. Today, a number of investment avenues are available to individuals but an individual, after a thorough study of market and according to his needs and circumstances, shall have to decide which investment avenue has to be chosen. The present study is an attempt to analyse the investment preferences of individual investors in Kanpur.

## RESEARCH METHODOLOGY

### Research Problem

The statement of the problem under study is to analyze the investment pattern of investors and the popularity of different products/Services for investment. This problem tries to identify the investors' perception and their risk taking ability while investing in different products of market.

### Research Design

This is a descriptive research where survey method is adopted to collect primary information from the investors using different scales as required and the required secondary information for the analysis.

### Type of Data Used

Primary and secondary data have been used for this research project. Primary Data- A questionnaire schedule was prepared and the primary data was collected through survey method. Secondary Data-websites, relevant books,

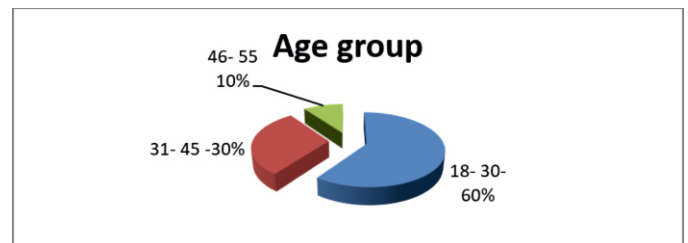
### Sample Size & Technique

The population being large the survey was carried among 100 respondents. They will be considered adequate to represent the characteristics of the entire population. A convenience sample is one of the main types of non-probability sampling methods. A convenience sample is made up of people who are easy to reach.

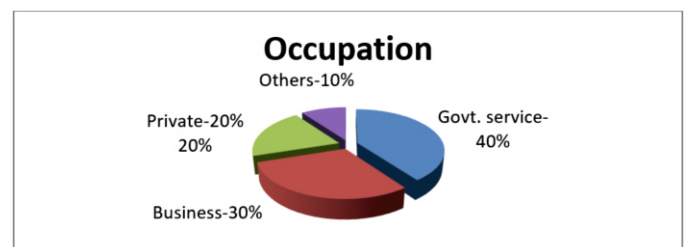
## ANALYSIS & INTERPRETATION

### 1-Which age group do you belong?

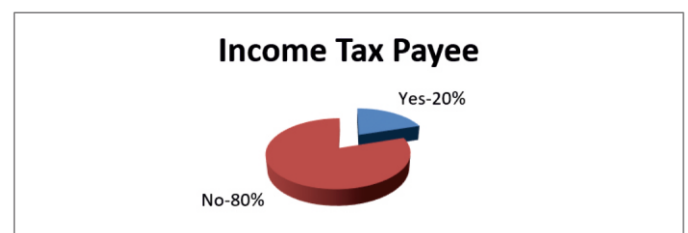
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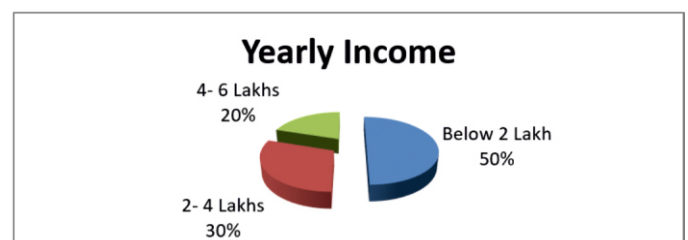
### 2-What is your occupation?



### 3-Are you an income tax payee?



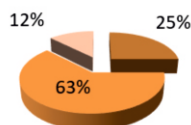
### 4-How much is your yearly income?



## 5-Where do you generally prefer to invest in?

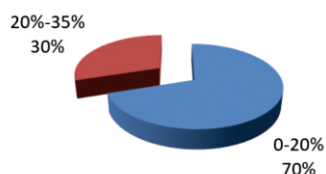
## General Preference Of Investment

■ Mutual Funds ■ Fixed Deposits ■ LIC



## 6-How much % of your income you invest yearly?

## INVESTMENT (AS PERCENTAGE OF TOTAL INCOME)



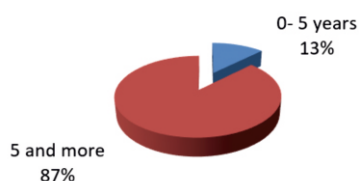
## 7-Which of the following planning policies you own?

## Policies



## 8-For how much period you would prefer to invest?

## Period of Investment



## 9-What is the purpose behind investment?

## Purpose behind investment



their annual income. On the other hand, 30% of the people invest 20- 35% of their annual income.

- 63% of the people prefer fixed income securities like fixed deposits for investments whereas 25% of the people prefer mutual fund investments and 12% of the people prefer Life Insurance Corporation investments.
- It was also found that 50% of people have annual income of less than 2 Lakh. 30% of the people have annual income between 2- 4 lakhs whereas 20% of the people have an annual income of 4- 6 lakhs.
- Also, 40% of the people are involved in government services. 30% of the people are involved in business. 20% of the people do private job activities and 10% other.

## CONCLUSION

So as we have discussed in introduction that the investment behaviour consists of why investors want to invest, how much of their disposable income they want to invest, for how many years/months they want to invest etc. And same can be concluded from primary data analysis that different set of people want different types of investment policies, they are having different objectives for investment and they are having different time frame for investments also and this different investment pattern is influenced by age , gender, income, family, educational background of investors.

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## FINDINGS

- 95% of the people invest to get returns while 5% invest to save tax.
- 87% of the people believe in investing for long term i.e. 5 years or more. On the other hand, 13% of the people invest for short term i.e. less than 5 years.
- It was also found that 45% of the people took retirement planning policies, 35% of the people took tax planning policies while 20% of the people took education planning policies.
- During the study, it was also found that 70% of the people invest 0- 20% of